

November 8, 2002

PUBLIC UTILITIES COMMISSION
Interim Electric Energy Conservation Programs

ORDER ESTABLISHING
INTERIM CONSERVATION
PROGRAM –TRAFFIC SIGNAL
REPLACEMENT PROGRAM

WELCH, Chairman; NUGENT and DIAMOND, Commissioners

I. SUMMARY

By this Order, we approve implementation of a Traffic Light Replacement Program as an interim conservation program pursuant to P.L. 2001, ch. 624, § 7. The program will provide financial incentives for the replacement of inefficient incandescent traffic signals with more efficient signals. We will develop this program jointly, and offer it in cooperation with, the Department of Transportation, which will serve as the program administrator. We approve funding of this program at a level not to exceed \$200,000.

II. BACKGROUND

P.L. 2001, ch. 624 (the Conservation Act),¹ enacted during the second session of the 120th Legislature, establishes the terms that govern an electric energy conservation program in Maine. Section 4 of ch. 624 directs the Commission to develop and implement electric energy conservation programs that are consistent with the goals and objectives of an overall energy conservation program strategy that the Commission must establish. Various other statutory directives require the Commission to promulgate rules and hold public hearings.

Recognizing that the process of implementing electric energy conservation programs will necessarily take many months, the Legislature authorized the Commission to implement interim programs. Section 7 of ch. 624 states:

Interim programs. In order to avoid a significant delay in the implementation of conservation programs pursuant to the Maine Revised Statutes, Title 35-A, Section 3211-A, the Public Utilities Commission may use funds from the conservation program fund established pursuant to Title 35-A, section 3211-A, subsection 5 to implement on a short-term basis conservation programs that the commission finds

¹The Conservation Act may be found on the Commission's web page: www.state.me.us/mpuc (and access the Electric Conservation Activities site).

to be cost effective. The commission is not required to satisfy the requirements of Title 35-A, section 3211-A before implementing such programs. Any programs implemented under this section must terminate no later than December 31, 2003. Funds in the conservation program fund not used for short-term programs under this section must be used in accordance with Title 35-A, section 3211-A.

On June 13, 2002, we issued our Order Establishing Interim Conservation Programs, wherein we implemented specific interim programs that were described in the Order. We also ordered the Staff to further investigate other programs that showed potential for meeting our criteria for interim programs.

Although a traffic signal replacement program was not among the programs we considered as part of the process resulting in our June 13 Order, Maine Department of Transportation (MDOT) officials contacted the Commission Staff about such an interim program. Upon investigation, the Staff concluded that the proposed traffic signal replacement program would meet the criteria for interim programs as well as satisfying many of the requirements for on-going programs listed in Title 35-A, section 3211-A

III. INTERIM TRAFFIC SIGNAL REPLACEMENT PROGRAM

Most of the 662 traffic signals at signalized intersections in Maine are owned by the Maine Department of Transportation (MDOT) and maintained by municipalities, which pay for the energy the signals consume and replace bulbs when needed. All new traffic signals being installed by MDOT use Light Emitting Diode (LED) bulbs rather than incandescent bulbs because LED bulbs consume only about one tenth the energy and they last seven to 15 times as long as incandescent bulbs. As part of its routine maintenance practice, MDOT has been upgrading the traffic lights it maintains to LED technology. Most municipalities, however, continue to replace incandescent bulbs with new incandescent bulbs.

MDOT has identified LED retrofits as a sustainability strategy in its June 2002 biennial plan under Maine's Clean Government Initiative, but has identified no funding source for it. In addition, the New England Governors and Eastern Canadian Premiers have identified this type of retrofit as providing environmental benefits. Resolve 27-7 from the August 2002 meeting states in part, "BE IT FURTHER RESOLVED That the Conference of New England Governors and Eastern Canadian Premiers direct its Committee on the Environment and NICE to encourage and promote climate change proposals centered on LED Traffic Lights"

Due to the clear cost effective ness of a traffic signal replacement program, the fact that the participant benefits will flow to local taxpayers in Maine, and the policy directive urged by the New England Governors to promote the use of LED bulbs in traffic signals, we decide to implement a traffic signal replacement program.

The goal of the program is to improve the efficiency of energy use in municipalities. The specific program objectives are to:

- Reduce inefficient electricity consumption by incandescent traffic signals.
- Reduce greenhouse gas emissions and other emissions produced by inefficient electricity usage.
- Increase the availability of LED traffic light retrofit kits.
- Increase awareness among municipalities of the benefits of energy efficiency and their use of energy efficient products.

The program we approve in this Order will be delivered through the Maine Department of Transportation MDOT, which will support the program with an education effort, targeted at municipalities, and cooperating electrical contractors.

1. The Program is Cost Effective

A preliminary cost effectiveness analysis of this program, completed by the Staff, yields a benefit to cost ratio (BCR) of about 10 to one. This analysis was completed using MDOT- specific budget and energy savings estimates. Since the set of measures to be offered, along with their estimated cost, energy savings, incentive level, and other characteristics will be determined during final program design, data from similar cost-effective programs being offered elsewhere was used to estimate the characteristics of the proposed Maine program.

2. Statutory Criteria Satisfied

Although it is not required, this interim program meets the statutory requirements for on-going programs. The program will increase consumer (i.e. municipality) awareness of the long-term savings available through LED lighting (35-A M.R.S.A. § 2.A.(1)); it will create more favorable market conditions for the increased use of efficient products and services by demonstrating the low operating and maintenance costs of the technology and thus increasing the likelihood that municipalities will continue to purchase LED signal lights after the conclusion of the program (35-A M.R.S.A. § 2.A.(2)); and like all programs, it will reduce environmental damage by emissions caused by inefficient electricity usage (35-A M.R.S.A. § A(3)).

Moreover, the program is consistent with 35-A M.R.S.A. § 2.B(3), which requires that the Commission shall apportion remaining available funds among customer groups and geographic areas in a manner that allows all other customers to have a reasonable opportunity to participate in one or more conservation programs select service providers through a competitive bidding process. This program will save energy and reduce bills for municipalities throughout the state. The operating cost savings will be passed on to taxpayers in each community that takes advantage of this program.

By relying on an existing administrative structure within the MDOT, the program satisfies Subsection 2.G, which requires that the Commission coordinate its efforts with other agencies of the State with energy related responsibilities.

Finally, the statute permits the Commission to coordinate its efforts with similar efforts in other states in the northeast region and enter into agreements with public agencies or other entities in or outside the State for program delivery, where the Commission finds that such coordination or agreements would provide demonstrable benefits to citizens of the State. (Subsection 2. (I)) This program fulfills Resolve 27-7 of the Conference of New England Governors and Eastern Canadian Premiers and, as we find above, should bring substantial benefits to Maine's citizens.

3. Measurement and Evaluation

Evaluations of similar traffic light replacement programs have been conducted in other states. We direct Commission Staff to work with the Maine Department of Transportation to develop the best method of evaluation for this jointly offered program and to rely on measurements of actual installations to the greatest extent possible.

4. Coordination

We direct the Staff to coordinate detailed program design and delivery through a Memorandum of Understanding with the Maine Department of Transportation.

5. Funding

The estimated cost of this program through 2003 is \$200,000. We authorize the Staff to spend up to this amount from the Conservation Program Fund.

IV. FUTURE ACTIONS

The Staff is directed to implement the Traffic Signal Replacement Program as described in this Order. We delegate to the Director, Energy Efficiency Programs, or his designee, the authority to conduct a bidding process, to enter into contracts, memoranda of understanding, or similar agreements, as is necessary to implement the program consistent with this Order. Staff is also authorized to spend up to 10% more than the amount described in this Order to implement the program. Spending decisions beyond the 10% contingency must be made by the Commission.

Dated at Augusta, Maine, this 8th day of November, 2002.

BY ORDER OF THE COMMISSION

Dennis L. Keschl
Administrative Director

COMMISSIONERS VOTING FOR: Welch
 Nugent
 Diamond

THIS ORDER HAS BEEN DESIGNATED FOR PUBLICATION

NOTICE OF RIGHTS TO REVIEW OR APPEAL

5 M.R.S.A. § 9061 requires the Public Utilities Commission to give each party to an adjudicatory proceeding written notice of the party's rights to review or appeal of its decision made at the conclusion of the adjudicatory proceeding. The methods of review or appeal of PUC decisions at the conclusion of an adjudicatory proceeding are as follows:

1. Reconsideration of the Commission's Order may be requested under Section 1004 of the Commission's Rules of Practice and Procedure (65-407 C.M.R.110) within 20 days of the date of the Order by filing a petition with the Commission stating the grounds upon which reconsideration is sought.
2. Appeal of a final decision of the Commission may be taken to the Law Court by filing, within **21 days** of the date of the Order, a Notice of Appeal with the Administrative Director of the Commission, pursuant to 35-A M.R.S.A. § 1320(1)-(4) and the Maine Rules of Appellate Procedure.
3. Additional court review of constitutional issues or issues involving the justness or reasonableness of rates may be had by the filing of an appeal with the Law Court, pursuant to 35-A M.R.S.A. § 1320(5).

Note: The attachment of this Notice to a document does not indicate the Commission's view that the particular document may be subject to review or appeal. Similarly, the failure of the Commission to attach a copy of this Notice to a document does not indicate the Commission's view that the document is not subject to review or appeal.